

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE ASSURANCE FUND**

**SCHEDULE OF CORRECTIVE ACTION COSTS
GENERAL NOTES (July 1, 2008)**

1. Claiming Costs:

A. Cost Schedule Item Codes -

A Cost Schedule Item Code must be used to claim costs of eligible activities where the claimed or proposed work meets a Cost Schedule Item Code description. If claimed or proposed work does not meet the Cost Schedule Item Code description, then the work must be identified on the Cost Work Sheet and costs must be claimed using time and materials detail in accordance with A.A.C. R18-12-607(C). Time and materials detail must include Cost Schedule Item Codes, such as personnel rates or equipment rental, where appropriate. See the instructions for the Cost Work Sheet for additional information.

B. Total Costs for Task and Incrementals per Administrative Code (A.A.C.) R18-12-608(C)(1)(h).

1. When practicable, all costs for a Task and all Incremental costs associated with the Task are to be included in the same State Assurance Fund (SAF) Reimbursement Application or Direct Payment Request;
2. If it is not practicable to include all costs for a Task and all Incremental costs associated with the Task in one Application or Request, then the Eligible Person or Designated Representative of the Owner or Operator is to provide an explanation (rationale) within the Summary of Work form stating why including all the costs is not practicable (This evaluation must be based on total costs for ADEQ to determine that the incurred cost does not exceed the maximum allowable cost or, for time and materials, does not exceed a reasonable amount, for completing the Task or increment);
3. When the balance of costs for the Task and those associated with the Task are claimed, the Application or Request including the other costs of and associated with the Task must include a reference to that Application or Request where the original rationale was provided (This “cross-reference” is necessary because ADEQ can only evaluate total claimed costs for a Task or increment to a Task. The evaluation must be based on total costs for ADEQ to determine the actual incurred cost and that that incurred cost does not exceed the maximum allowable cost or, for time and materials, does not exceed a reasonable amount for completing the Task or increment);
4. If the reference to the earlier Application or Request which included the rationale is not provided, the subsequently claimed costs of and associated with the Task will be denied; and
5. Notwithstanding compliance with the requirements as respects the rationale and the subsequent reference to the rationale, each subsequent Application or Request including unclaimed costs of and associated with the Task will be fully evaluated in accordance with the scope and standard of review established in A.A.C. R18-12-608.

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Please refer to the Phase Code Table to determine the applicable unit of measure for Task and/or Incremental costs for those items not included in the Table of Cost Schedule Item Codes. The Phase Code Table includes additional discussion regarding submittal of costs associated with a Task on more than one application or request.

2. Organization of Table of Cost Schedule Item Codes and Cost Schedule Item Code Descriptions.

Non-Phase Specific Cost Schedule Items (those that may be used in more than one Phase) are listed in Item Codes 1 through 123. Item Codes 124 through 161 are Phase Specific and each code is listed under the applicable Phase title.

3. Allowable Mark-up:

SAF will reimburse Primary Provider mark-up on approved subcontracted services and/or pass-through expenses up to 16 percent. Mark-up can only be applied to actual subcontractor or purchase costs incurred by the Primary Provider as demonstrated by the subcontractor invoice(s) or retail receipt.

Mark-up cannot be applied to direct charges incurred by the Primary Provider. Direct charges include Primary Provider labor expense and capital equipment owned by the Primary Provider and billed to the project as a rental item. Mark-up on services or equipment provided by an affiliate or subsidiary company, with any common ownership interest with the Primary Provider, is not eligible for reimbursement.

4. Project Management:

Project Management activities include: client and regulatory agency correspondence, administrative and accounting activities, and related pre-and post-field planning tasks.

Project Management costs are included in each of the following Cost Schedule Item Codes: 18, 19, 124 through 126, and 142 through 161.

If included in one of the Cost Schedule Item Code listed above, Project Management is not eligible as a separate and unique task or activity. Project management not associated with a Cost Schedule Item Code listed above should be claimed as a separate line on the Cost Work Sheet with the applicable Phase Code. Project management should be claimed using the incremental “pre-field” or “post-field” Phase Code of the applicable Phase.

5. Remedial System Installation:

Pursuant to A.A.C. R18-12-608(C)(1)(h), remedial system installation cost should be claimed in the same application using Phase Code “H4” and categorize on the Cost Work Sheet as identified below.

If the total cost of remedial system installation cannot be submitted in the same application, the total costs for the installation or the “best estimate of the total costs” should be provided in each application claiming installation costs and the rational must follow details outlined in Item 1 above.

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| REMEDIAL SYSTEM INSTALLATION CATEGORIES | UNITS | x | UNIT COST | UNIT COST DESCRIPTION |
|--|--------------|----------|----------------------|----------------------------------|
| Trenching and Backfill | | x | | \$/LF |
| Piping within Trench | | x | | \$/LF |
| Resurfacing (trench area to prior condition) | | x | | \$/SF |
| Well Head Modifications | | x | | \$/Well |
| Well Electrics | | x | | \$/Well |
| Well Plumbing | | x | | \$/Well |
| System Equipment Plumbing / Equipment Set up | | x | | T&M Required |
| Compound Fencing | | x | | \$/LF |
| Concrete Slab | | x | | \$/CY |
| Removal of Construction Debris | | x | | T&M Required |
| Miscellaneous (must identify) | | x | | T&M Required |

LF- linear feet, SF- square feet, T&M – time and materials, CY – cubic yard

NOTE: The above table does not include travel and per diem for the contractor performing the activities, installation of remedial wells or connection and setup of utilities. These activities and costs should be claimed separately under their applicable Phase Code.

6. Monthly Equipment Rental:

Monthly equipment rental under this Cost Schedule is applicable for equipment that is operational. For the purpose of this Cost Schedule, operational means being operated in a manner consistent with the equipment's intended use. Equipment that is operational for 75% or more of the month is reimbursable up to the actual incurred monthly rental rate, subject to the maximum amount allowed under the applicable Cost Schedule Item Code. Equipment that is operational less than 75% of the month will be evaluated to determine if the rental costs will be payable up to the cost incurred (subject to Cost Schedule) or pro-rated on a monthly basis. The applicant may provide any supporting documentation regarding the equipment operation for ADEQ's evaluation.

7. Reports:

The total costs for report preparation (per report) must be provided when report preparation costs are claimed. Additionally, these costs must be claimed using the applicable Code in the Schedule of Corrective Action Costs Item Codes (whether or not the report is subject to the 2002 Corrective Action Rules -A.A.C. R18-12-250 through R18-12-264.01).

- A. For a Site Characterization Report (SCR) or Corrective Action Plan (CAP) that are not subject to the 2002 Corrective Action Rules, preparation costs should be claimed using the applicable task-based Cost Schedule Item Code.
- B. For a SCR or CAP subject to the 2002 Corrective Action Rules, additional forms and any additional reporting required by the rule must be identified on the Cost Work Sheet using the appropriate Phase Code and costs must be claimed using time and materials detail. Total costs for the additional forms (per form) and any additional reporting (per reporting), must be provided.

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For example, a SCR must be claimed using Phase Code “N2” and the appropriate Cost Schedule Item Code, such as #144. If the report is subject to the requirements of the 2002 Corrective Action Rule, additional costs for preparing the LUST Site Classification Form must be claimed using Phase Code “N2A” with time and materials detail for actual costs incurred, and the total costs for completing the form.

| PHASE CODE | TASK / INCREMENTAL | DESCRIPTION |
|-----------------------------------|--------------------|---|
| <i>Phase N - Reporting</i> | | |
| N2 | Task | ADEQ Approved Site Characterization Report (SCR) |
| N2A | Incremental | LUST Site Classification Form included with the SCR |
| N2B | Incremental | Risk Evaluation pursuant to A.A.C R18-12-263.01(A) |
| N3 | Task | ADEQ approved Corrective Action Plan (CAP) |
| N3A | Incremental | LUST Site Classification Form included with the CAP |

- C. The following reports are required by the 2002 Corrective Action Rule but do not have an associated Cost Schedule Item Code. Actual costs incurred in preparation of these reports must be claimed using time and materials detail and the appropriate Phase Code as identified in the Table of Phase Codes (excerpt below):

| PHASE CODE | TASK / INCREMENTAL | DESCRIPTION |
|---|--------------------|--------------------------------------|
| <i>Phase B – Initial Site Characterization</i> | | |
| B1 | Task | Initial Site Characterization Report |
| <i>Phase N - Reporting</i> | | |
| N1 | Task | 45-Day Free Product Report |
| N4 | Task | Notice of Remediation Form |
| N6 | Task | Periodic Site Status Report |

- D. The following reports may be required, but do not have an associated Cost Schedule Item Code. Actual costs incurred in preparation of these reports must be claimed using time and materials detail and the appropriate Phase Code as identified in the Table of Phase Codes:

| PHASE CODE | TASK / INCREMENTAL | DESCRIPTION |
|---|--------------------|--|
| <i>Phase L – Tank Closure</i> | | |
| L1E | Incremental | Permanent Closure Assessment Report Form |
| <i>Phase I – Operation and Maintenance</i> | | |
| I4 | Task | Air Quality Reporting (Semi-Annual or Other) |
| <i>Phase M– Risk-Based Evaluation</i> | | |
| M2A | Incremental | Risk Assessment Screening or Report – Tier 2 Risk-Based Evaluation |
| <i>Phase N – Reporting</i> | | |
| N8 | Task | Other Required Regulatory Reports |